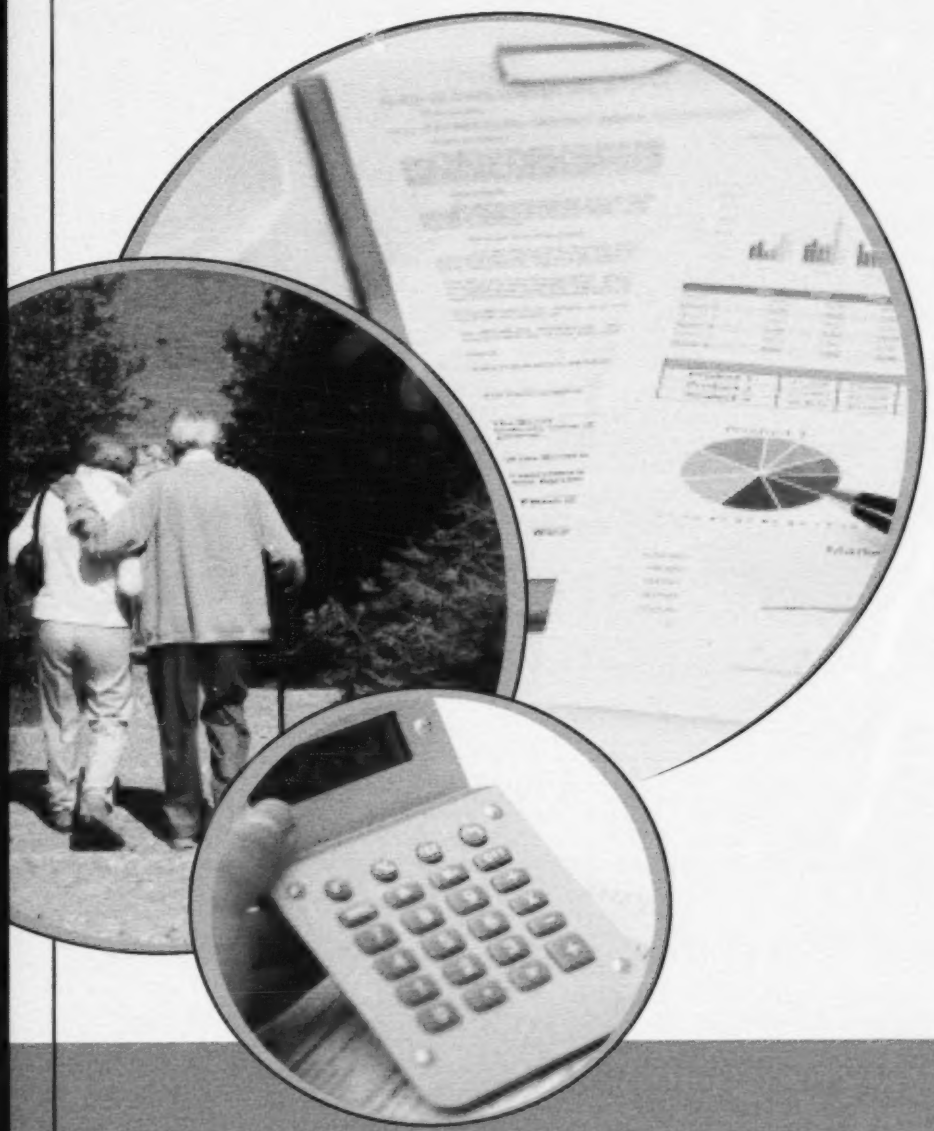
# Strategic Plan 2014-2017

## The Department of Finance



Newfoundland Labrador

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# Message from the Minister

In accordance with my responsibilities under the *Transparency and Accountability Act*, I am pleased to submit this Strategic Plan for the Department of Finance. This plan covers the three-year timeframe of April 1, 2014 to March 31, 2017.

This Strategic Plan provides an overview of the Department of Finance and identifies the key strategic goals to be accomplished during the next three fiscal years. In its development, careful consideration was given to the strategic directions of Government, as they relate to the mandate of the Department. Additionally the Department's current budget of approximately $168 million (as per the 2014 Budget Estimates) was taken into account during the development of this plan, pursuant to section 2 (a)(iii) of the *Transparancy and Accountability Act*.

As Minister of Finance, I am accountable for the preparation of this plan and for the achievement of the goals and objectives therein.

Sincerely,

Charlene Johnson

Honourable Charlene Johnson
Minister of Finance

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# 1.0 Departmental Overview

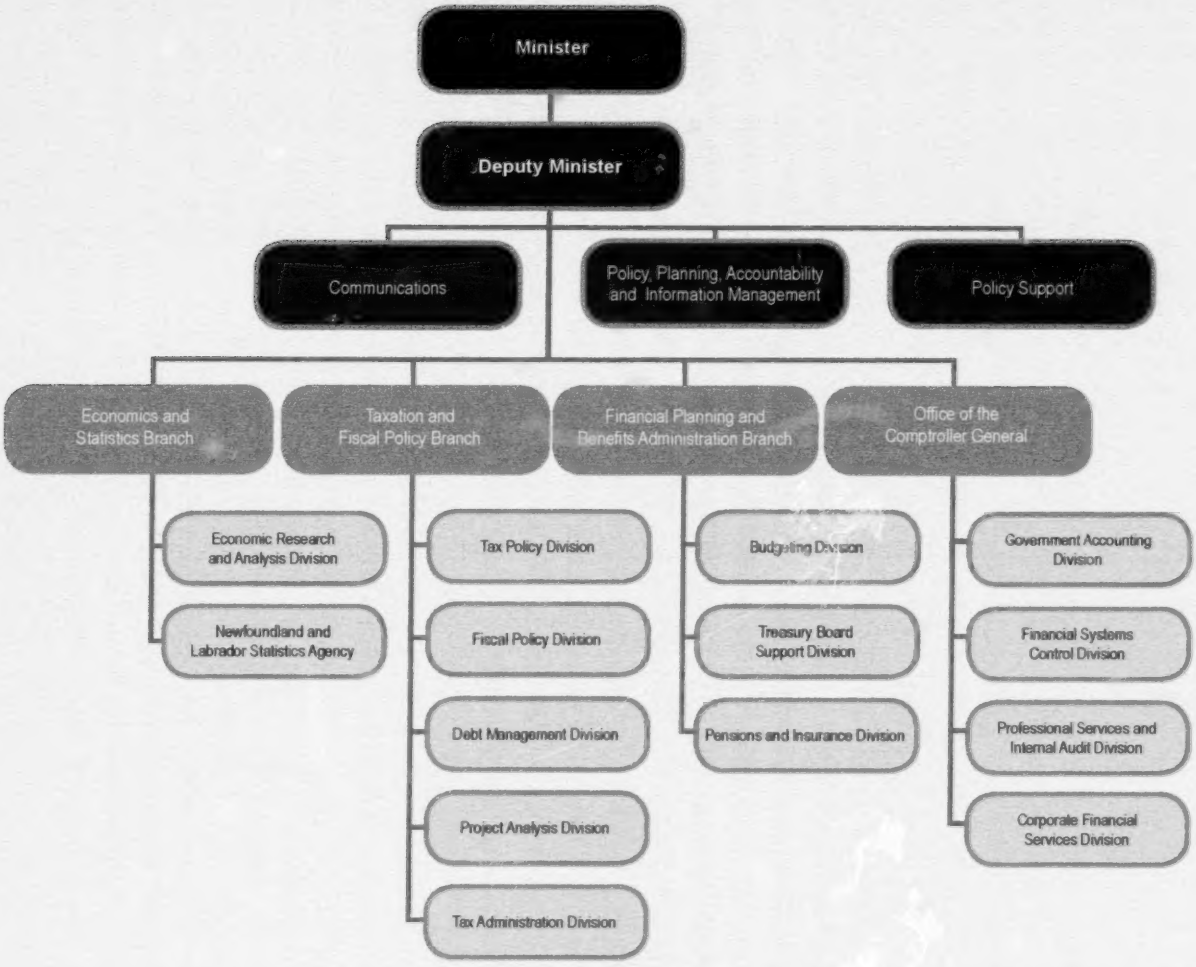
## 1.1 Mandate:

The Department of Finance is mandated to provide strategic leadership across Government in the development of fiscal, financial, statistical and economic policy. These responsibilities are primarily achieved through the provision of timely analysis and advice to government departments and agencies; Cabinet; and the Committees of Cabinet, particularly Treasury Board for which the Minister of Finance serves as President. It also oversees the management and control of provincial finances to ensure appropriate use of public funds.

This mandate is legislated within the Department of Finance Notice, 2003 under the *Executive Council Act* and includes responsibility for 39 pieces of legislation such as the *Financial Administration Act*, the *Statistics Agency Act*, the *Pensions Funding Act*, and the *Revenue Administration Act*. Additional information is available on-line at www.assembly.nl.ca/Legislation/sr/Finance.htm.

## 1.2 Organizational Structure:

The Department of Finance consists of approximately 300 employees (of which 65% are female and 35% are male) on a permanent, temporary, seasonal and contractual basis. The majority of these employees are located in the Confederation Building Complex. The Department also has offices located in other parts of the Province including Corner Brook and Grand Falls-Windsor; as well as other areas of the City of St. John's (Topsail Road and Mews Place). The Department is organized into four distinct Branches, as depicted in the diagram on the following page. Additional information about each of the Department's Branches, Divisions, locations and contact information is available on-line at www.fin.gov.nl.ca.


Minister
Deputy Minister
Communications
Policy, Planning, Accountability and Information Management
Policy Support
Economics and Statistics Branch
Taxation and Fiscal Policy Branch
Financial Planning and Benefits Administration Branch
Office of the Comptroller General
Economic Research and Analysis Division
Newfoundland and Labrador Statistics Agency
Tax Policy Division
Fiscal Policy Division
Debt Management Division
Project Analysis Division
Tax Administration Division
Budgeting Division
Treasury Board Support Division
Pensions and Insurance Division
Government Accounting Division
Financial Systems Control Division
Professional Services and Internal Audit Division
Corporate Financial Services Division

## 1.3 Lines of Business:

The Department of Finance offers the following lines of business to its key primary clients:

***Revenue and Expenditure Policy and Planning:***

The Department of Finance provides strategic leadership in provincial revenue and expenditure planning, which includes developing, implementing and monitoring related government policies. A focal point of this responsibility is the coordination of Government's annual budgetary process, which is integrated, collaborative and consultative. The Department works with other government departments, agencies, boards and commissions to prepare, review and analyze budgetary priorities. This includes oversight of the provincial pre-budget consultation process, which is designed to provide key stakeholders, individuals and various interest groups an opportunity to identify budget priorities for consideration in the provincial budget. A part of this process also includes the development of options for changes to the provincial taxation system; and revenue forecasting and monitoring. The Department is also responsible for negotiating and administrating all programs under federal-provincial fiscal arrangements and providing the analysis required to support the development of Government's fiscal policies. All of this information is then used to inform Government's policies and multi-year planning for revenues, expenditures and cash requirements.

***Treasury Management:***

The Department of Finance is responsible for the financial management of the public treasury. This includes investment of provincial pension funds and the associated financial management responsibilities; government property insurance management; and management of the Province's borrowing and debt servicing programs, including cash management and the investment of sinking fund assets.

***Economic Analysis and Research:***

The Department of Finance is responsible for the analysis of the financial and economic impact of major projects to assist Government in its related decision-making processes. The Department is also responsible for analyzing and forecasting the macroeconomic environment (i.e., Newfoundland and Labrador Econometric Model, Input/Output Model, and the Population Projection Model), which includes the provision of specific macroeconomic analysis and studies related to policy, economic events and projects.

***Statistical Research, Analysis and Data Development:***

The Department of Finance fulfills a vital statistical role for Government by collecting (e.g., telephone surveys, on-line surveys, data purchasing, etc.), storing (e.g., data entry and advisory services in development/modification of administrative databases) and disseminating statistical information while guaranteeing confidentiality and privacy. This is achieved through the Newfoundland and Labrador Statistics Agency. The Department also acts as Government's official point of contact with Statistics Canada; develops and provides focused sub-provincial data through Community Accounts (www.nl.communityaccounts.ca); and provides expertise in spatial analysis and socio-economic simulation modeling.

***Comptrollership Oversight:***
The Department of Finance controls and accounts for the receipt and disposition of public money through the development of financial policies and procedures, administration of applicable legislation and the preparation of the provincial financial statements (i.e. Public Accounts) and related financial reports. The Department also develops and maintains government-wide revenue and expense systems and ensures that effective financial management controls, systems and accounting procedures are in place and government departments are properly accounting for their revenues and expenses. These systems and procedures are in place to ensure that no payment of public money occurs that is in excess of the appropriations provided by the House of Assembly and applicable legislative authority. Professional advisory services are also provided to government departments in the areas of: financial management, accounting and systems; financial policy development and implementation; internal auditing; and financial reporting. Corporate shared services for accounts payable and receivables are also provided.

***Supports to Cabinet and Committees of Cabinet:***
The Department of Finance supports Cabinet and the Committees of Cabinet through the provision of financial, fiscal, statistical and economic analysis. Advisory services are also provided to departments and agencies of Government in the development of such components within cabinet submissions. Additionally, the Department is responsible for the provision of operational support to the Treasury Board Committee of Cabinet, to which the Minister of Finance serves as President.

***Tax Administration:***
The Department of Finance is responsible for the administration of various provincial taxes, rebates and incentive programs. This includes both personal (e.g., parental benefits, home heating rebate) and corporate/business (e.g., venture capital, direct equity) tax credit and tax rate programs. The Department is also responsible for the collection of select long-term accounts receivables, on behalf of Government and for auditing both personal and corporate/business tax programs for compliance purposes.

## 1.4 Stakeholders:

The Department of Finance plays a unique role within the Government of Newfoundland and Labrador. It serves not only as a central agency, offering supportive financial, economic and statistical services to Government departments and agencies; but also as a front-line delivery department, dealing directly with both personal and corporate/business tax filers, government vendors and community interest groups. Within this context, the Department has identified its primary clients as follows:

- Cabinet and the Committees of Cabinet
- Provincial Government Departments and Crown Agencies
- House of Assembly and its Members
- Business Community
- Municipal Governments/Consolidated Communities
- Economic/Statistical Agencies

- General Public
- Government Vendors
- Tax Payers
- Community Groups/Special Interest Groups/Not-for-Profit Groups

Additionally, the Department takes a collaborative approach to efficiently fulfilling its mandate and delivering its services. As such it works closely with such stakeholders as professional accounting organizations, post-secondary institutions, other jurisdictions, and the financial institutions.

## 1.5 Strategic Values:

Values are the fundamental principles that guide behaviour and decision-making. They are the critical success factors that are essential to effective performance-based planning because they underline the decision-making process, impacting the ability of any organization to achieve defined goals and objectives. Clear communication and articulation of values promotes alignment between organizational culture and achievement of outcomes.

The Department of Finance recognizes the importance of establishing and clearly communicating its values so that employees can make decisions that are aligned appropriately with the Department's strategic priorities. It has therefore identified the following strategic values:

### Accountable:

The Department of Finance is accountable to ensure appropriate use of public funds by Government. This is a fundamental role of the Department and underpins all actions, processes and decision-making. The Department of Finance strives to ensure it is accountable by establishing clear outcomes, timelines and deliverables; and the criteria by which actions will be measured. The Department then evaluates its performance by assessing the degree to which expectations are fulfilled. Priority focus is applied to ensuring timely responses that are reflective of desired outcomes. When establishing its performance standards, the Department remains focused on Government's strategic priority of a balanced fiscal approach to social and economic prosperity.

### Innovation:

The Department of Finance is responsible for providing strategic leadership across Government in the development of fiscal, financial, statistical and economic policy. As such, it must apply an innovative approach to ensure such policy is adaptive to the changing needs of the Province; aligned with the strategic priorities of Government; and flexible to accommodate the diversities of Government Departments and Crown Agencies. The Department is therefore committed to innovation by continuously seeking ways to improve upon the quality of its work processes, programs, and advisory/analytical services. This is accomplished by identifying and pursuing opportunities to broaden and enrich capacity and skill sets through learning and development; seeking input and opinions from stakeholders; and learning from experiences.

### Collaboration:

Both internal and external collaboration is fundamental to the Department's ability to successfully fulfill its mandate. As a central agency responsible for providing a leadership role in fiscal, financial, statistical and economic policy, it is vital that the Department engage its stakeholders in a meaningful way to ensure policies, programs and services are developed and implemented successfully. Additionally, staff within the Department must work as a team, from start to finish. The Department demonstrates its commitment to collaboration by actively engaging and working with others, both inside and outside of the organization, to successfully achieve its outcomes in an efficient and effective manner. Collaboration is built upon trust, respect for the contribution of others, open and proactive information sharing, and a focus on the larger good.

## 1.6 Vision:

The vision of the Department of Finance is of a sustainable financial management framework that supports a vibrant, self-reliant provincial economy and social prosperity.

# 2.0 STRATEGIC DIRECTIONS

The Department of Finance plays a key leadership role in supporting Government's strategic commitment to a balanced approach that supports economic and social growth that is sustainable, within a strong, long-term fiscal and financial management framework. It is this commitment that guides the work of the Department of Finance and establishes its strategic directions, as follows:

### Strategic Direction #1: Provincial Economic Development and Competitiveness

**Outcome:** Long-term provincial prosperity based upon a competitive economy and sustainable economic development

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

- Fair provincial tax regime
- Provincial demographic monitoring and analysis
- Economic monitoring and analysis of major projects
- Monitoring of provincial and global economic environments
- Quantitative analytical capacity for monitoring socio-economic growth and development within the Province

### Strategic Direction #2: Financial Management

**Outcome:** Sustainable financial management framework for Government

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

- Revenue management
- Financial analysis capacity of Government
- Accrual accounting
- Financial management systems and processes to support good governance

### Strategic Direction #3: Provincial Net Debt

**Outcome:** Reduced net debt per capita to the all-province average within 10 years

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

- Unfunded pension liabilities
- Repayment of debt in a timely manner
- Generation of annual surpluses
- Maintenance of appropriate expenditure controls (e.g., tangible capital assets)

During the 2014-17 planning cycle, the Department of Finance will ensure that its resources are aligned accordingly to support the realization of these strategic directions. Appendix A identifies how the Department anticipates these directions will be addressed through its various planning processes.

## 3.0 MISSION

The Government of Newfoundland and Labrador is committed to realizing economic and social prosperity through a balanced approach. As such, it has identified strategic directions reflecting outcomes of sustainable economic development, reduced net debt per capita, and a sustainable financial management framework for Government. The Department of Finance is mandated to provide the strategic leadership necessary to realize these outcomes by developing, implementing and monitoring fiscal, financial, statistical and economic policy and providing controllership oversight of provincial finances to ensure appropriate use of public funds. As such, the Department of Finance has developed the following mission statement, which is focused on improving and strengthening government-wide functions in financial management, fiscal planning and quantitative analysis. Specific focus areas will include revenue management,

financial analysis capacity, unfunded pensions liabilities, new provincial borrowing, and upgrades to Government's financial management system. These priorities areas are consistent with Government's Strategic Directions, as they relate to the mandate of the Department of Finance[1].

**Mission:** *By March 31, 2017, the Department of Finance will have provided enhanced strategic leadership in financial and fiscal sustainability for the Province.*

**Measure:** *Provided enhanced strategic leadership*

**Indicators:**

- Strengthened the financial management function of Government
- Improved the quantitative analytical capacity for monitoring socio-economic growth and development within the Province
- Strengthened Government's fiscal planning capacity

# 4.0 STRATEGIC ISSUES

## Issue: Financial Management

A strategic direction of the Government is a sustainable financial management framework to ensure the appropriate use of public funds. The Department of Finance is accountable for supporting Government in this commitment. It will therefore work towards achieving this outcome during the 2014-17 planning cycle by upgrading Government's Financial Management System, strengthening its revenue management function, and implementing a Government-wide fraud risk management program. It will also realign some of its key financial management processes to support new technological advancements and strengthen its financial analytical capacity. These efforts will require extensive collaboration with key stakeholders and significant team work across the entire Department. The following goal, objectives, measures and indicators have been established to guide the work of the Department and outline the key timelines, deliverables and performance expectations so that the Department can demonstrate its accountability to this outcome.

**Goal:** By March 31, 2017, the Department of Finance will have enhanced its leadership role to strengthen the financial management function of Government.

[1] During the development of its 2014-17 Strategic Plan, the Department chose to amend its mission statement, so that it more accurately reflects current direction and priorities. An update on the Department's achievement towards that original mission statement will be provided in its 2013-14 Annual Report and made publically available upon its presentation to the House of Assembly, which will occur no later than September 30, 2014.

**Measure:** Enhanced leadership role to strengthen the financial management function

**Indicators:**

- Upgraded Financial Management System
- Enhanced corporate financial reporting of the Financial management System
- Improved invoice processing and payment
- Strengthened revenue management functions
- Implemented a Government-wide fraud risk management program
- Strengthened financial analysis capacity of Government

**Objectives:**

*1.0 By March 31, 2015, the Department of Finance will have upgraded Government's Financial Management System.*

**Measure:** Upgraded Government's Financial Management System

**Indicators:**

- Government's financial management processes are adjusted to support alignment with new technology
- Developed and delivered training to support stakeholder adjustment to new technology and associated business processes
- Stakeholders are engaged in the process and provided relevant key messages

*2.0 By March 31, 2016, the Department of Finance will have initiated the implementation of priority initiatives aimed to strengthen the financial management capacity of Government.*

*3.0 By March 31, 2017, the Department of Finance will have further implemented initiatives aimed to strengthen the financial management capacity of Government.*

## Issue: Fiscal Planning

In Budget 2015 the Government of Newfoundland and Labrador committed to reducing provincial net debt per capita to the all-province average within 10 years. To achieve this outcome, systematic intervention is required to address the sustainability of the unfunded pensions liability, outstanding provincial debt must be serviced in a timely manner; annual budget surpiuses must be realized; appropriate expenditure controls must be maintained (e.g., tangible capital assets) and new provincial borrowings must be completed under optimal conditions. The role of the Department of Finance is to ensure Government has the fiscal planning capacity it requires to support realization of this commitment. As such, the Department has identified the following goal, objectives, measures and indicators for the 2014-17 fiscal year. Success will require extensive consultation with stakeholders, departmental team work and innovation.

**Goal:** By March 31, 2017, the Department of Finance will have implemented initiatives aimed to strengthen Government's fiscal planning capacity.

**Measure:** Implemented initiatives to strengthen Government's fiscal planning capacity

**Indicators:**

- Strengthened the annual budget preparation process
- Serviced outstanding debt ensuring the timely and accurate payment of interest and principal
- Supported Government's decision to negotiate new borrowing of up to $1 Billion to meet its provincial cash requirements (as outlined in the 2014 Estimates book)
- Supported Government in its commitment to improve upon the sustainability of provincial pension plan

**Objectives:**

1.0 *By March 31, 2015, the Department of Finance will have initiated the implementation of priority actions aimed to strengthen Government's fiscal planning capacity.*

**Measure:** Initiated implementation of priority actions

**Indicators:**

- Evaluated priority areas of current annual budget process
- Initiated processes to support the borrowing of funds required to meet Government's cash requirements
- Continued to support Government in the development of viable options to achieve sustainability of provincial pension plans and post-retirement benefits

2.0 *By March 31, 2016, the Department of Finance will have continued to implement priority initiatives aimed to strengthen Government's fiscal planning capacity.*

3.0 *By March 31, 2017, the Department of Finance will have implemented further initiatives aimed to strengthen Government's fiscal planning capacity.*

## Issue: Quality of Quantitative Information

The Government of Newfoundland and Labrador is committed to long-term provincial prosperity based upon a competitive economy and sustainable economic development. A fundamental component to realizing this outcome is the availability of sound, accurate and reliable quantitative data and the analytical capacity required to monitor the socio-economic growth and development within this Province. The Department of Finance is mandated to provide strategic

leadership in both economic and statistical policy. It is further mandated, under the *Statistics Agency Act*, to plan, promote, develop and integrate social and economic statistics relevant to this Province. This responsibility includes the authority to collect, compile, analyze, abstract and publish statistical information; collaborate with government departments and agencies in the collection, compilation and publication of statistical information; and establish appropriate standards, systems and procedures for the collection of information by departments. The Department has therefore identified the improvement in the quality of Government's quantitative information as a key priority during the 2014-17 planning cycle. The Department's improvement in quality will be defined through improved efficiency in the collection and analysis of data; improved availability, accessibility, and dissemination of data; and enhanced value-for-money. As such, the Department has identified the following goal, objectives, measures and indicators for the 2014-17 fiscal year. Success will require extensive consultation with stakeholders, departmental team work and innovation.

**Goal:** By March 31, 2017, the Department of Finance will have improved the quality of Government's quantitative information in support of informed, decision-making based upon accurate, timely and empirical data.

**Measure:** Improved quality of quantitative information

**Indicators:**

- Improved efficiency in the collection and analysis of socio-economic data
- Improved the availability, accessibility, and dissemination of quantitative data
- Enhanced the value-for-money of quantitative data

**Objectives:**

1.0 *By March 31, 2015, the Department of Finance will have developed initiatives aimed to enhance the quality of Government's quantitative data and analysis.*

**Measure:** Developed initiatives

**Indicators:**

- Consulted departments to identify focus areas for improvement and options for bringing about changes necessary to affect improvement
- Improved Government's capacity to provide on-line surveys
- Developed standards and protocols for key focus areas

2.0 *By March 31, 2016, the Department of Finance will have implemented initiatives aimed to enhance the quality of Government's quantitative data and analysis.*

3.0 *By March 31, 2017, the Department of Finance will have initiated the assessment of its initiatives to determine their impact on the quality of Government's quantitative data and analysis.*

# 5.0 APPENDICES

## APPENDIX A

### Strategic Direction #1: Provincial Economic Development and Competitiveness

**Outcome:** Long-term provincial prosperity based upon a competitive economy and sustainable economic development

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

| Strategic Direction Component | This Direction Component is addressed by the Department of Finance through its.... | |
|---|---|---|
| | Strategic Plan | Branch/Divisional Work Plans |
| Fair provincial tax regime | | X |
| Provincial demographic monitoring and analysis | | X |
| Economic monitoring and analysis of major projects | | X |
| Monitoring of provincial and global economic environments | | X |
| Quantitative analytical capacity for monitoring socio-economic growth and development within the Province | X | |

### Strategic Direction #2: Financial Management

**Outcome:** Sustainable financial management framework for Government

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

| Strategic Direction Component | This Direction Component is addressed by the Department of Finance through its.... | |
|---|---|---|
| | Strategic Plan | Branch/Divisional Work Plans |
| Revenue management | X | |
| Financial analysis capacity of Government | X | |
| Accrual accounting | | X |
| Financial management systems and processes to support good governance | X | |

## Strategic Direction #3: Provincial Net Debt

**Outcome:** Reduced net debt per capita to the all-province average within 10 years

**Clarifying Statement:** This outcome supports the policy direction of Government and requires systematic intervention in the following component areas:

| Strategic Direction Component | This Direction Component is addressed by the Department of Finance through its.... | |
|---|---|---|
| | Strategic Plan | Branch/Divisional Work Plans |
| Unfunded pension liabilities | X | |
| Repayment of debt in a timely manner | X | |
| Generation of annual surpluses | | X |
| Maintenance of appropriate expenditure controls (e.g., tangible capital assets) | | X |

## APPENDIX B

### Public Service Pension Plan Joint Trusteeship Transition Committee

The Agreement on Pensions, which forms part of the current Public Service Collective Agreement, mandated the establishment of a Public Service Pension Plan Joint Trusteeship Transition Committee (the Committee). The purpose of this Committee is to recommend to parties of the Collective Agreement a joint pension trust structure to govern the activities of the Public Service Pension Plan (PSPP). Under this arrangement, an independent board of trustees would be responsible for the administration of the PSPP, including the setting of benefits and investment of the Public Service Pension Plan Fund.

The Committee was established and included representatives of the five unions participating in the PSPP, as well as representatives of Government and the larger employers, including Nalcor Energy and the Newfoundland and Labrador Health Boards Association.

Originally this process was targeted to be completed in spring 2003 with a revised target of April, 2008, based on the current collective agreements. During the initial discussions, the union representatives on the Committee indicated that until the issue of the unfunded pension liability was fully resolved, they were not prepared to move forward. As a result, the Committee has not met since 2003.

Currently there are no activities planned for this Committee during the 2014-2017 planning cycle. Should the status of the Committee change, the Committee will immediately initiate the appropriate procedures to ensure full compliance with the relevant sections of the *Transparency and Accountability Act* .

# Department of Finance

## Strategic Plan 2014 - 2017

Newfoundland
Labrador